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Neely's Automatic Self Auditing
System of Mercantile
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Preface

The author of "Neely's Automatic Self-Auditing System of Mercantile Bookkeeping" is a full graduate of a leading Business College, and has had twenty-six years practical experience in Mercantile Bookkeeping and Auditing. This most perfect system of mercantile accounting is not an instantaneous thought but is the result of twenty-six years' work in the offices of large wholesale and retail concerns. In the 16th year of my experience as Head office man I realized that conditions demanded a simpler, shorter, more effective and more accurate system of mercantile Bookkeeping. A system that would be applicable with the same results to any business requiring any number of bookkeepers, each section of the work being a perfect fit into the other sections, thereby causing no waste of energy, time or labor. My aims were to simplify, to save time and labor and to minimize errors.

The success in all my efforts has been very gratifying to me and my employers.

The efficiency of any bookkeeper is greatly increased by using Neely's Automatic Self-Auditing System, and the office force is enabled to hand each and every customer an itemized bill, made out in regular form, automatically audited, almost instantly on request. It is a two record system in which each record audits the other in the course of the work. In this book an attempt has been made to give other bookkeepers the benefit of my efforts and achievement.

JOHN ALEXANDER NEELY.

BOOKS REQUIRED.

The books required to put into effect Neely's Automatic Self-Auditing System are

1. Loose Leaf Ledger.
2. Billing Journal.
3. Cash Book.

LEDGER.

The Ledger should be of sufficient capacity to take care of entire line of accounts, putting only one active account on a page.

JOURNAL.

The Billing Journal is similar to a Loose Leaf Ledger. It should be built up by using cheap binders, and sheets of 2, 3, or 4 Bill Heads to each sheet in printed form, perforated in such manner that each Bill can be torn off separately, punched to fit on the binder posts, and a Blank yellow sheet punched to fit same binder posts under each white Bill Head Sheet. There must be a white Bill Head Sheet for each account to be taken care of. The Bill Heads may be printed in any special form desired, but must be perforated so as to avoid the necessity of putting in a new sheet of Bill Heads and Yellow sheet every time an account is rendered. By having four Bill Heads to sheet one sheet will ordinarily take care of at least two months' business and generally will take care of four months for the major

portion of any line of accounts. When a Bill Head Sheet is filled up another Bill Head Sheet and Yellow Sheet should be inserted over the full sheet which should remain in its place in Bill Journal until it is desired to render the account to the customer. Each Bill Head sheet having a Blank Sheet immediately underneath it permits the keeping of a carbon copy of each Bill Rendered. This Carbon Copy should be kept in its position until the end of the year in which the account is current then filed into a transfer Binder as a Journal Sheet.

CASH BOOK.

Any form Cash Book desired may be used.
Bills Receivable Record,
Bills Payable Record, and

Invoice Register Record should be kept as desired and any form of Books may be used.

OPENING OF LEDGER.

All the accounts must be in one Ledger, *putting only one account on a page*; use as many current Binders as line of accounts requires; split the Index into two or more sections, using good Binder for each section.

If two Binders are sufficient, Binder No. 1 should carry all accounts from A to L, inclusive; and Binder No. 2 all accounts from M to Z, inclusive. If more than two Binders are necessary to take care of the line of accounts, then the Index should be split to suit this line of accounts,

allowing each Binder to take care of practically the same number of accounts.

The accounts under each letter should be arranged into two or more groups. If a Wholesale Department is to be taken care of, the wholesale accounts should be numbered numerically from 1 up. The Thirty day accounts from 101 up and the fall-due accounts from 601 up, under each and every letter.

These Groups should be separated by using a letter Tab sheet of the proper letter at the beginning of each Group in each letter. The Index for each Letter should be placed at the beginning of the first Group of accounts under that letter.

OPENING OF BILL JOURNAL.

The Bill Journal should be opened up in same manner as the Ledger, having every account in the Bill Journal, have the same number and the same position it has in the Ledger. *It is absolutely necessary for each account to carry exactly the same number and have same position in both the Ledger and Bill Journal* in order to derive full benefit from the use of the system.

The Groups and Sections of account under each letter should be separated by Letter Tab Sheets of the proper letters. No Index is necessary in the Bill Journal since the Ledger Index is sufficient for both books.

OPERATION.

The first step is to audit numerically the Sale Slips turned in by salesforce, in this manner:

Each Sales Book contains 50 slips usually—so use a sheet of paper, first numbering each line consecutively from 1 to 50 for each salesman, thus:

A	B	D	E	H	K
1	1	1	1	1	1
2	2	2	2	2	2
3	3	3	3	3	3
4	4	4	4	4	4

This sheet may be made each day or may be printed and padded for the purpose.

Listing the amount of each slip or ticket opposite its respective number; no amount appearing at a number indicates that ticket or slip has not been turned in and can be traced up at once. Adding each Salesman's column furnishes a daily record of Chg. Sales of each Salesman, and the Grand total of all the columns furnishes Amt. of Total Charge Sales for the day, to be credited to Mdse., after the auditing of the Sales Slips. The next step is to arrange the slips for Posting to Ledger: Separate the Sales Slips or Tickets alphabetically, assemble the Tickets for each customer and stack them from A to Z, then distribute the Tickets through the Ledger placing all Tickets for each customer directly on his Acct., and allow 1-4 of each ticket to project out of the top of Ledger as a marker.

Start at the Back of Ledger Letter Z and post to the front of Ledger A, turning to each Acct. showing a slip or ticket protruding as you come to it, and listing the amounts of each charge slip in the Debit Space for Items and extending the

sum Total of all the charges under this date into the Amount Column. Post the Credit Slips to the Credit Side of the Acct. in the same manner. All the Credit Slips should be totaled and charged to Mdse. if for goods returned; if credit is for other than goods returned, proper charge slip should be made, and in the work to cover the Credit slip. Place the Ledger Folio of each Acct. on each slip posted thereto, and lay the slips in a stack as they are posted.

When all the slips have been posted to the Ledger they will be stacked A to Z ready to be posted to Bill Journal. Since the Ledger Folio on each slip is an Index to the proper account Group and Section in the Bill Journal on which the slip should be itemized, any erroneous posting to Ledger will be detected and correction made at once.

Ledgerize

then

Journalize

as per following illustration:

Sales Slip.

TOM ALLEN, Aug. 1-'16.

Bot of JIM JONES

Salesman A.

1	Suit	*	10 00
1	Sk. Flour		4 00
1	Hat		2 00
1	Pr. Shoes	<i>2101.</i>	3 00
			<u>19 00</u>
	10 Bu. Corn		12 50
	50 Lbs. Bacon	<i>2101.</i>	7 50
			<u>25 00</u>

These Sales Slips should be posted first to the Ledger and then to the Bill Journal.

Date		Item	
	1916		19.00
Aug.	1	To Mdse.	25.00

Acct. No.....

Mr.....

Bot of J. S. JONES

After all the slips or tickets have been itemized on the Bill Journal each day, they should be listed on an adding machine and the sum total compared with the total charge Sale Record for the same day. This is to detect if any slip has been misplaced in the work.

At any period of any Acct. the total footing of the Acct on the Bill Journal compared with the total footing of the Acct. on the Ledger is a positive Audit; and each entry passed through the System in regular order automatically audits itself without any rechecking of any kind.

The Cash Entries can be posted direct to Ledger and added to or deducted as the case may be at the rendering of any itemized bill, but if the cash entries are posted direct from the Cash book to the Ledger, they do not pass through the Automatic Auditing System. If this feature is desired with Cash posting also, use Slips or Tickets for the original entries for all cash transactions, using Credit Slips printed with red ink and Debit Slips printed with black ink. These slips can be credited and charged off on the Cash Book in total each day or they can be listed separately on the Cash Book if desired. Distribute the Cash Slips along with the Sales Slips and post all together.

If the Cash is posted in this manner, when all posting is finished, the Debit Cash Slip should be listed on adding machine and the total compared with the total amount of Disbursements appearing on the Cash Book of even date. The Credit Cash Slips should be totaled and compar-

ed with Receipts appearing on the Cash Book of even date.

TRIAL BALANCE.

The Trial Balance and Balance Sheets should be taken in usual manner and as desired.

ADVANTAGES DERIVED FROM USE OF NEELY'S SELF-AUDITING SYSTEM OF MERCANTILE BOOKKEEPING

This method of posting enables any office force to complete the daily work in about two-thirds of time required to complete the same amount of work under other systems of Mercantile Bookkeeping. The Bills being drawn daily enables the entire office force to look forward to the end of the month with pleasure instead of a dread of the extra labor necessary to get the Bills in the hands of the collector promptly on the first. The automatic audit feature keeps the bookkeeper happy, and a happy office man always gets there on time.

It is perpetual. It will increase Credit Balance of any large Mercantile Bank account materially.

INCREASE OF COLLECTIONS.

The Bills being drawn daily and the Grouping of the Accts. enables the office force to work the entire list in each Group at regular periods, thereby producing the most satisfactory collections.

This
or office
perfect

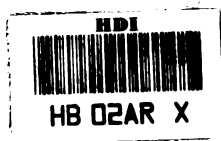
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